



**Analysis of the transaction costs and administration  
benefits associated with *Behind the Label***

Dr Phillip O'Neill and Grahame O'Leary  
*The University of Newcastle*  
NSW 2308 Australia

**April 2000**

## CONTENTS

<b>Executive Summary</b>	<b>3</b>
<b>1. Introduction</b>	<b>4</b>
Background	4
Objectives	5
Methodology	5
<b>2. A Review of the Literature</b>	<b>7</b>
Defining compliance costs	8
Measuring compliance costs	9
<b>3. Case Studies</b>	<b>12</b>
Case Study 1	13
Case Study 2	16
Case Study 3	19
<b>4. Summary of the Case Studies</b>	<b>23</b>
Costs of compliance	23
Costs of developing record keeping systems	23
ISO9000	24
Compliance cost estimates	24
Benefits of compliance	28
<b>5. Comparison with other Compliance Programs</b>	<b>29</b>
<b>6. What type of record keeping is best?</b>	<b>32</b>
Accredited firms	32
Non-accredited firms	32
<b>7. Summary of Transaction Costs and Benefits</b>	<b>33</b>
<b>References</b>	<b>35</b>

## EXECUTIVE SUMMARY

- Compliance with government regulations represents a cost to business operations. Of all compliance activities, compliance with taxation regulations and legislation constitutes a significant proportion of business expense. Estimates obtained in this study suggest that compliance with licensing and other arrangements of the proposed Ethical Clothing Trades Act account for less than five per cent of total compliance costs.
- The particular costs incurred by industry in compliance can be varied and are commonly categorised in terms of time, effort (both physical and psychological) and resources used to meet compliance requirements.
- The cost of developing and maintaining more efficient record keeping systems to ensure compliance with the proposed Ethical Clothing Trades Act would be marginal for most businesses *accredited* under the proposed legislation as costs could be absorbed into current accounting and record keeping practices.
- The cost of developing and maintaining records would be significantly higher for *non-accredited* businesses under the proposed legislation due to the additional record keeping requirements for those firms.
- The cost of compliance with the proposed legislation for all firms, however, would be regressive. That is, its impact is more likely to be greater in firms with low turnover and a small number of employees.
- For most firms, especially those who are signatories to the Homeworkers Code of Practice, the additional cost of engaging in the specific processes established under the proposed legislation is most likely to be low.
- The case study firms acknowledged that benefits would arise from two key areas. First, the legislation had the potential to increase the efficiency and accuracy of current record keeping procedures. Second, the registration and accreditation process would provide a transparency in the supply chain that would enable firms to deal only with other reputable suppliers.
- The invoice trail was identified as an existing record keeping practice that had the potential to minimise the inconvenience and maximise the usefulness of the record keeping requirements for both the firm and the auditing agency.

## 1. Introduction

The New South Wales Government's *Behind the Label* strategy seeks to provide:

- *an end to the exploitation of vulnerable groups of workers in the home-based clothing sector and in sweat shops*
- *an Australian clothing industry that competes successfully on the basis of design, technological innovation and productivity, whilst providing healthy, safe and fairly paid employment to all its workers*

### ***Background***

The New South Wales Department of Industrial Relations (NSWDIR) is concerned about the impact of compliance costs to clothing firms due to the introduction of the proposed Ethical Clothing Trades Act legislation arising from the 'Behind the Label' strategy.

The NSWDIR engaged the Employment Studies Centre to undertake a multi-method assessment of the impact of the proposed legislation's regulatory framework on firms in the clothing industry. The purpose of the assessment is twofold. First, the Employment Studies Centre study was to evaluate the impact of the transaction cost to business arising from the registration, accreditation and record keeping requirements of the proposed regulations. Second, the study would define and determine the benefits to business of compliance with the proposed regulations.

The report uses a discussion of the literature surrounding compliance costs as a base from which a case study approach provides an evaluation of the transaction cost to business of compliance with the proposed legislation. Firms to be the subject of the case studies were identified by the consultant team and represented firms typical to the clothing industry as identified in the NSWDIR "Behind the Label" issues paper (1999a). The approach reflected a desire by the consultancy team to depict the divergent circumstances that the typical firm would confront upon implementation of the legislative requirements of the proposed Act.

### ***Objectives***

During the research process the following the following areas were examined:

- A review of the compliance cost literature
- A qualitative evaluation of the administrative and clerical costs to business of compliance with the proposed legislation
- A comparison of the costs associated with existing industrial instruments and those associated with the proposed legislation
- A comparison of the compliance requirements associated with the Homeworkers Code of Practice with those specific to the proposed legislation.
- A review of the benefits to individual business in terms of supply chain management that might eventuate from enhanced administration and record keeping procedures.

### ***Methodology***

A case study approach was identified as being able to provide a broad indication of the impact of the proposed legislation on the compliance cost to businesses in the clothing sector. Combined with a review of the existing literature on the costs of compliance with the regulatory environment the report encompasses the following:

- An analysis of the time and effort spent by firms in the clothing industry in complying with regulatory requirements
- An analysis of the *additional* cost to business for firms in the clothing industry in complying with the new regulatory requirements of the proposed legislation
- An analysis of the likely benefits to business arising from the proposed legislation.

The report focuses on an evaluation of the additional transaction costs and potential benefits of the record keeping requirements of the proposed legislation. The research was conducted in three stages. First, a review of the existing literature on compliance costs was undertaken. Second, case studies of individual firms were conducted to assess the likely costs and

benefits of compliance with the proposed legislation. Third, the report concludes with an analysis of the costs and benefits of compliance with the proposed legislation.

The case studies were used to assess the costs of compliance on firms *typical* to the clothing industry. The case study approach was multi-scaled. It sought the views of a number of firms occupying various positions in the value chain. In-depth, semi-structured interviews were carried out with firms based on selection criteria set out by the project team. The semi-structured interview approach allowed for *indicative* information to be acquired from key informants about the potential impact and cost of the proposed legislation (given that the legislation is in its formative period and precise details of record keeping and audit requirements are not yet available).

## **2. A Review of the Literature**

Government regulation is necessary to achieve a diverse range of economic and social objectives that bring net societal benefits. The costs of government regulation imposed on the private sector, due to compliance with government legislation, are significant components of the cost structures of firms (Lattimore et al. 1998). However, where compliance costs are excessively high, negative external effects can have an adverse impact on both business and the effective operation of the legislation itself. Government regulation may be required to provide economic incentives to improve inefficient market operation, to correct market failure, and remove barriers to entry or to address problems with negative externalities. Regulation may also be needed due to a desire to address social concerns or social imbalance. Administrative regulation is required to manage the collection and allocation of government funding (see Bickerdyke and Lattimore 1997, pp.7-8).

The compliance cost literature has largely focused on the compliance costs of taxation measures (Evans and Walpole 1999; Pope, Fayle and Chen 1991, 1993, 1994; Rimmer and Wilson, 1996; Sandford et al. 1989; Sandford and Hasseldine, 1992). More recently a limited number of studies have focused on the cost of compliance in general (Cabalu, Doss and Dawkins 1996; Haralambopoulos, Johnson and Ha 1996). Other studies have used a more qualitative assessment of compliance issues (Falconer and Pedic 1996). Few studies have sought to evaluate the cost of compliance of specific legislation (other than taxation) or on individual industries (see Yellow Pages Survey 1996 for an overview of all compliance costs).

This study focuses on the cost to firms of complying with the record keeping, accreditation and registration requirements of the proposed Ethical Clothing Trades Act. The particular costs incurred by industry in compliance can be varied and are commonly categorised in terms of time, effort and resources used to meet compliance requirements. However, there are benefits to be derived from compliance such as more improved record keeping, better supply chain management and an improved understanding of wider legal issues.

### ***Defining Compliance Costs***

Compliance costs include a wide range of employer costs associated with regulations governing the establishment, conduct, maintenance and behaviour of business. The aggregate of total employer compliance costs is often identified as the *regulatory burden* (Bell 1996; Bickerdyke and Lattimore 1997; Lattimore et al. 1998). The regulatory burden is defined as the:

‘...additional paperwork and other activities that small business must complete to comply with government regulations. It is the time and expense outlaid that is over and above normal commercial practices. The burden includes lost opportunities and disincentives to expand the business.’

(Bell 1996, p.1)

The regulatory burden<sup>1</sup> is made up of costs imposed on business by the regulatory framework. Bickerdyke and Lattimore (1997, pp.1-2) and Lattimore et al. (1998 pp.176-177) define these costs to include:

- the additional administration, paperwork, management and record keeping costs involved in complying with the regulatory framework
- the costs involved in meeting the substantive requirements of the regulatory framework
- the costs arising from the disincentives, distortions and duplication attributable to the regulatory framework
- reduced opportunity costs arising from reduced incentives for efficiency, entrepreneurship and innovation
- government costs of administration, monitoring and enforcement
- other costs (such as psychological stress) associated with compliance.

Recent studies suggest that over the last few decades the level of regulatory burden has increased (Bell 1996, Haralambopoulos, Johnson and Ha 1996, Falconer and Pedic 1996). Bell (1996) suggested that regulation and paperwork could have increased as much as two hundred per cent over the

---

<sup>1</sup> The regulatory burden in this report is defined as the costs imposed on businesses by the regulatory framework of the proposed Ethical Clothing Trades Act (including registration, accreditation and record keeping requirements)



last few decades. Lattimore et al. (1998) notes that the volume of both Commonwealth and State government legislation has increased substantially since the mid-1970s.

An Australian Chamber of Commerce and Industry (1994) survey of its national business membership ranked lower costs of compliance with government regulations third out of a possible ten microeconomic reforms (in terms of potential benefits to business). Of those, almost seventy per cent of respondents regarded lower compliance costs as a moderate to major benefit to business (ACCI 1994). According to one respondent in the ACCI report:

‘Small business is particularly tied up in the red tape of government provisions which require meeting various specifications laid down by local, state or federal government legislation or through various administrative and industrial tribunals. This eats into valuable managerial time which would be better employed in moving the business forward.’

(ACCI, p.3 quoted in Cabalu, Doss and Dawkins 1996, p.4)

This report focuses on compliance costs specific to the proposed Ethical Clothing Trades Act. As such, it seeks to identify the magnitude of *additional* transaction costs that the legislation proposes over and above normal compliance and record keeping procedures.

### ***Estimation and Measurement of Compliance Costs***

To measure the impact of compliance costs on firms it is necessary that;

‘...administration activities that are part of normal business practices must be separated from activities relating to requirements that are imposed by external agencies. There will be some degree of overlap between what a business would normally do...and regulatory requirements.’

(Bell 1996, p.14).

There also exists the likelihood for overlap of compliance activities between different regulatory requirements. This acknowledges the existence of transactions costs associated with compliance with industrial instruments such as the NSW Industrial Relations Act, the Occupational Health and Safety Act 1983 and Federal and State Industrial Awards. In the

case of the NSW clothing industry, comparison was also made between the record keeping demands of the proposed legislation and the current record keeping requirements of the Homeworkers Code of Practice. This was deemed necessary as a significant proportion of clothing manufacturers are signatories to the code and the marginal cost of compliance would be lower for those businesses due to the existence of similar record keeping procedures.

Historical accounting costs, that is, money costs associated with compliance procedures include fees to professional advisors and wages for record keeping staff. These provide quantifiable measures in terms of discrete monetary values. However, as many compliance costs are related and often managed by the same employee or business owner the dissemination of these costs remains difficult.

While direct monetary costs are perhaps easiest to quantify, measurement is difficult due to a number of factors. These include the way costs are categorised, the difficulty in costing tasks that may be common to a number of procedures and in defining and assessing the difference between the substantive and administrative aspects. Time or opportunity costs may be subjective and difficult to measure given the diverse nature of both the regulatory environment and the type of firms. There are also conceptual and methodological problems in the measurement of compliance costs (Bickerdyke and Lattimore 1997). The psychological costs of compliance are noted to be extremely difficult to measure and beyond the scope of most studies (Cabalu, Doss and Dawkins 1996; Haralambopoulos, Johnson and Ha 1996).

The Yellow Pages Survey (1996 p.12) on the paperwork burden of small business estimated that total time spent on compliance issues (including taxation) represented one quarter of all accounting and record keeping activities of small business. Of this, three quarters of total compliance time was accounted for by company and personal taxation compliance. Employee related compliance areas such as superannuation, workers compensation and occupational health and safety was the next largest consumer of time. Total time spent on other areas of compliance amounted to (on average) one hour per week. Licensing and other requirements amounted to six per cent of time spent on all areas of compliance (averaged across all businesses).

Compliance costs have been shown to be regressive and fall disproportionately on smaller businesses (Bickerdyke and Lattimore 1996,

Cabalu, Doss and Dawkins 1996, Haralambopoulos, Johnson and Ha 1996). In general the cost of compliance fell to small business owners rather than to external sources (Falconer and Pedic 1996, p.22). The regressiveness of compliance costs can be explained by two factors. First, high fixed costs in undertaking compliance measures fall hardest on smaller businesses. Second, the larger the firm the greater economies of scale over which to average compliance costs.

Cabalu, Doss and Dawkins (1996) estimated the mean *total*<sup>2</sup> compliance cost per firm at \$6,671 which represented just over 1 per cent of a firm's turnover. Total compliance costs by firm size amount to 1.9 per cent of turnover for firms with turnover of less than \$300,000 per annum, 0.75 per cent for firms with turnover between \$300,000 and \$1.5 million and 0.30 per cent for firms with turnover greater than \$1.5 million. The Yellow Pages survey estimated total compliance costs at \$3,785<sup>3</sup>. Other studies have compliance cost estimates ranging from \$3,975 for small firms to \$12,731 for larger firms (Haralambopoulos, Johnson and Ha 1996, p.30).

Haralambopoulos, Johnson and Ha (1996) found that both in-house capital and variable costs for small firms were higher (per employee) than for larger firms. As a proportion of the total wage bill they found that total compliance costs for small firms were double that of large firms (p.31). Falconer and Pedic (1996) show that manufacturers in particular have greater compliance burdens overall, invest more personal time in meeting compliance obligations and spend more time on paperwork than non-manufacturers.

In general the cost of compliance is difficult to measure. However, it is known to involve substantial costs to firms, particular for taxation related compliance issues. The cost of compliance is most likely to be regressive and have uneven impacts, particularly on small firms.

---

<sup>2</sup> Includes internal and external costs of all compliance activity (see p.19 of Cabalu et al.)

<sup>3</sup> The Yellow Pages survey used different assumptions and cost estimates. It also included accounting, bookkeeping and invoicing costs in its analysis.

### 3. Case Studies

The case studies are presented to provide a multi-scaled, qualitative approach to the assessment of the compliance costs to firms of the proposed legislation. The case study approach provided direct evidence from clothing firms about the nature of compliance costs in business operations. This also allowed for the identification of the salient issues relating to compliance costs.

The case studies<sup>4</sup> were conducted in March 2000 and included a cross section of firms in the clothing supply chain. Case study 1 is a major metropolitan clothing retailer employing more than 250 persons across the company. Case study 2 is a small to medium manufacturer and retailer operating in a key NSW regional centre. Case study 3 comprises a number of small cutting and making-up firms. The composite approach to this case study allowed the research team to gain information from a number of diverse (yet highly comparable) small firms.

The case studies highlighted an ambiguity arising from the proposed legislation. The case study firms' interpretation of the proposed legislation suggested that, when established, the scheme would see the industry divided into two groups. First, those who were compliant and accredited or registered and, second, those who were non-compliant and which failed to gain registration and accreditation status. This was the result of a condition of accreditation status being that firms *only* deal with other accredited firms. In the opinion of the case study firms this would be highly unlikely; accredited firms would most likely still have to deal with some unaccredited firms (although all agreed that there were incentives and benefits to be gained from dealing only with compliant firms). This would most likely occur where complex interactions between suppliers were involved.

As such, the case study firms generally agreed that the majority of firms they dealt with would eventually be 'accredited' firms. The case study firms agreed that the degree of accreditation amongst firms was more likely to be higher if retailers (especially the major retailers) only dealt with accredited suppliers. Any consideration of the costs and benefits of the proposed legislation would ultimately depend on the percentage of accredited firms with whom each case study firm dealt with.

---

<sup>4</sup> The case studies are identified as case studies 1, 2 and 3 to ensure the confidentiality of the informants.

### ***Case Study 1***

Firm 1 is a major NSW clothing retailer with over 125 retail outlets across the east coast of Australia and the Northern Territory. It has over 45 outlets in metropolitan NSW and a further 40 in other areas of NSW. Of domestically acquired product, almost all comes from either NSW or Victoria. The firm supplies clothing products at the retail level. It has an annual turnover in excess of \$200 million. The firm is a major player in its market segment and exhibits a dominant relationship over its suppliers.

In terms of compliance with the proposed legislation the firm considered that it would obtain registration status under the proposed legislation and only deal with accredited suppliers. The firm currently demands written guarantees of compliance with the Homeworkers Code of Practice from all of its suppliers of domestically acquired product. It is a contractual condition that supplier firms to Firm 1 provide written guarantees that goods supplied meet the requirements of both the Homeworkers Code of Practice and the relevant industrial and labour legislation. All orders placed with supplier firms by Firm 1 are subject to a number of standard conditions governing these transactions, as well as a number of conditions specifically relating to clothing workers. These include guarantees that:

- the supplier undertakes to comply with all Laws and Regulations (including applicable Awards relevant to the engagement of Homeworkers)
- the supplier must comply with the Code of Practice relating to the Elimination and Exploitation of Homeworkers (“the Code”) signed by the Australian Retailers Association and the Textile, Clothing and Footwear Union of Australia
- in the event that the supplier does not comply with the Code, after having been given a fair opportunity by the Company to demonstrate it is complying with the Code or to take the necessary measures to comply with the Code, the Company may cancel the order at any time before it is fulfilled without being in any way liable to the supplier for damages or otherwise.

The contracts have been developed by the firm’s in-house legal advisor to ensure that the firm is compliant with the relevant legislation. Whilst compliance with the proposed legislation would need to be overseen by the firm’s legal adviser it was estimated that the time spent in-house would be minimal.

As well, local suppliers are required to give a written undertaking that acknowledges that in every contract with Firm 1 for the manufacture and supply of Australian made garments, certain ‘warranties’ will apply. These include guarantees that suppliers:

- do not employ any underaged workers and ...do not engage any underaged outworkers
- ...the outworkers engaged by suppliers do not employ underaged workers
- all employees and the outworkers engaged by suppliers who are used in manufacturing garments for Firm 1 are paid not less than award wages and that the supplier is complying with all industrial laws of New South Wales and Australia in respect of those employees and outworkers.

Firm 1 has a fully integrated and computerised stock order, dispatch and accounting system. The system generates order confirmation and delivery distribution sheets that include the basic information required under the proposed legislation for retailers dealing with accredited suppliers. This included trading name, identity of the importer/wholesaler, order details and a copy of accepted orders. The confirmation and distribution sheet also acts as a contract. It includes the date of the contract, the number of garments in the order, the price per product and the delivery schedule.

Two key items of the proposed record keeping requirements are not included. First, the contract does not state that the garment was *made* in NSW. Rather, it gives an address of the supplier. Second, the time allocated to the performance of the contract can be only be estimated by comparing the date of confirmation of the contract with the delivery date for the goods.

The firm’s merchandise controller suggested that the proposed retailers registration fee would impose a significant cost on the firm if levied within the ranges of the proposed fee structure as outlined in the CIE assessment<sup>5</sup>. The cost of such a fee structure would be high if levied on all Firm 1’s retail outlets in New South Wales. As the firm was a low margin, high volume retail outlet the potential cost of registration was regarded by Firm 1 to be excessive and involve unnecessary duplication, especially

---

<sup>5</sup> The CIE assessment suggested fees in the range of \$500 to \$2000. This would equate to potential retailer registration costs for Firm A in the range of \$40,000 to \$160,000 (assuming all retail outlets had to be registered).

considering the similarities between the proposed legislation and the Homeworkers Code of Practice.

The firm considered it unlikely that it would deal with non-accredited firms under the record keeping requirements of the proposed legislation. Specifically, records of remuneration for all employees involved in the production of the garments under *all* contracts would be burdensome. Whilst the process would be reliant on the supplier to produce the necessary information, the record keeping requirements were such that it was more likely to be kept in paper form rather than electronically. Paper based record keeping was considered onerous when the large number of suppliers that Firm 1 dealt with was taken into account. Where outworkers were specifically engaged the additional information required (especially written statements) would provide a significant *incentive* to deal only with accredited suppliers. In terms of administration costs, the benefits of dealing only with accredited suppliers were seen to be greater than the additional paper burden associated with dealing with non-accredited suppliers.

Firm 1 did not see any major administrative benefits from the proposed legislation. However, it recognised that a registration and accreditation scheme would formalise the exchange process between suppliers and retailers. It also regarded that registration or accreditation status would provide recognition to both the firm and its suppliers. As such, it would then be easier to identify compliant firms by their registration or accreditation status.

### ***Case Study 2***

Firm 2 is a retailer, a non-exclusive fashion house with its own label and design facilities and a manufacturer. The firm's turnover is approximately three million dollars per annum. The firm is located in a non-metropolitan area. The company employs 31 EFT employees and 60 contractors (including homebased workers). The firm has experienced significant downsizing over the last few years with the workforce declining from a peak of about 150 employees. The firm is a signatory to the Homeworker Code of Practice.

Firm 2 has recently redesigned its administration and business section. A feature of the new layout is a centrally located administration and control section that monitors each of the business's operations. A key feature of the system is the ability to monitor the progress of an order during the manufacturing process. Orders and receipts are 'clipped' (placed on a clipboard) enabling monitoring throughout the production process. It has a fully computerised accounting, invoicing and record keeping system. The firm maintains current accounting and record keeping requirements through the employment of full-time office administration staff. Additional staffing requirements were met by the employment of casual office staff during peak periods such as the end of the financial year. The proprietors maintain the supervision of such activities.

The owner of the firm believed that the marginal cost to his business of compliance with the proposed legislation may be low. That is, the extra costs of keeping the required records would be minimal, with existing record keeping practices seen as adequate. These included the current accounting requirements for the documentation of employee, taxation and workers compensation insurance records. The firm expected that it would be able to acquire accreditation as per the proposed legislation although the payment of another fee was considered to be excessive to this firm due its existing compliance status with the voluntary Homeworkers Code of Practice and considering the fees and charges that scheme attracted.

The proprietor suggested that the proposed legislation may be of some benefit in supply chain management. However, this would be limited by the number of firms who seek accreditation. The invoice trail could be enhanced by the adoption of accreditation and registration numbers to identify the status of each transaction, that is, if the transaction was



between accredited suppliers or not. Accreditation status was also presumed to 'weed out' the unethical or illegal operators.

However, reservations were expressed about the proposed legislation in the following areas. First, if a firm had to deal with non-accredited suppliers the record keeping requirements had the potential to be excessive. For example, if a firm had to outsource the cutting, making and trimming tasks to non-accredited suppliers the record keeping requirements are duplicated "excessively". This is compounded where a firm deals with either a large number of suppliers or with relatively small batch orders.

Second, the nature of the audit process was, as yet, unclear and could prove costly to firms. If separate records are to be kept for each transaction then the audit trail would be complicated if the records were required to be kept together for audit purposes. The sheer volume of records that would need to be kept would make this unrealistic. The proprietor suggested this was unreasonable given that a large bulk of clothing contracts were for orders of less than 100 garments per order. The very nature of outsourcing in the clothing industry (especially that geared to home-based work) was based on low volume orders and quick turnaround times.

Third, it was considered highly unlikely that unaccredited firms would be willing to disclose information about costs and wages to other firms, especially in the case of arms length transactions to immediate suppliers. Firm 2 claimed that the accuracy, exchange and dissemination of the proposed record keeping requirements would be very difficult to implement in the clothing industry.

Fourth, if the accounting and record keeping requirements proved to be difficult, costly and psychologically distressing the incentive to switch to interstate suppliers or to the importation of goods from overseas would be higher. Considering the highly competitive nature of the clothing industry, current pressures on clothing manufacturing firms from competition with imported goods would be heightened. This would be such that Australian manufacturing firms would question the logic of remaining in the industry as manufacturers. This could lead to firms substituting imported goods for Australian manufactured garments.

Also, the lack of coordination between agencies had the potential to provide problems of duplication. The similarities between the proposed legislation and the Homeworkers Code of Practice were identified. The

owner suggested that the incorporation of the Homeworkers Code of Practice scheme into the accreditation process could minimise the cost to business substantially (although he noted that there would be undesirable outcomes should fees be *duplicated* between the proposed Ethical Clothing Trades Act legislation and the national Homeworkers Code of Practice).

Lastly, the cost of interpreting the legislation could be high, especially if the legislation was complicated and contained a lot of legal “jargon”. The main cost would arise from two sources. First, there would be an additional psychological cost on business owners to interpret the legislation and determine compliance. The proprietor regarded the taxation system as a particularly onerous burden on time he personally puts into the business (which would be compounded by the introduction of the GST). Another regulatory requirement would only add to this burden. Second, if the owner of the business were unable to devote sufficient time, or provide a suitable employee to assess the firm’s requirements, then professional assistance from an accountant (or suitable legal advice as to compliance obligations) would need to be obtained. This was considered likely to be a costly process.

In summary, the proprietor believed the legislation had the potential to be costly to business but that the cost would be difficult to quantify. Estimates of the total compliance cost of the proposed legislation varied from a ‘few extra hours per week’ if only dealing with accredited firms to possibly ‘another employees wages’ if many firms were not accredited. The proprietor suggested that the invoice trail was an appropriate avenue for record keeping in line with the requirements of the proposed legislation (especially for accredited firms). The invoice details provided most of the information required when dealing with accredited firms and from this firm’s position in the supply chain provided both a forward link to retailers and a backward link to suppliers or contractors. It was suggested that an accreditation number might be included on the invoice details to provide a universal identification system for the industry as a whole.

### ***Case Study 3***

Case study 3 comprises a number of small cutting, making-up and trimming firms in metropolitan NSW. The firms are located within a sector of the industry that is less likely to seek formal accreditation and has proven reluctant to sign the Homeworkers Code of Practice. This *group* of firms was selected to give a broader view of the compliance issues and transaction costs involved in the proposed legislation. Out of nine firms approached to participate in this study, five declined to be involved.

The firms are all relatively small enterprises employing up to 12 (EFT) employees. The smallest firm employed one-person full-time and several on a part-time or casual basis. This firm also employed family members to deal with office and accounting procedures. The largest firm employed 6 full-time staff members and supplemented its labour supply with the engagement of casual and contract work during peak periods.

The firms are all contractors who contract work to suppliers of large fashion houses and retail outlets. The firms exist in a competitive market environment with small profit margins. Although the firms have low entry and exit costs the firms have a traditional attachment to the clothing industry. All firms had experienced significant downsizing over the last decade with increased competition from imported goods being the major reason cited for the decline in trade.

Two firms used computer based accounting software for payroll, stock control and general account administration. Two used a combination of computer generated and manual account and record keeping procedures. All the firms in this case study regard themselves as being compliant with general workplace industrial laws.

The firms considered the cost of compliance with the proposed legislation to be small if all firms (including themselves) were accredited. The cost of compliance with other industrial instruments was generally difficult to estimate. All suggested that the cost of compliance with taxation matters to be the most demanding, both in the cost of additional labour and in the owners effort to ensure compliance. Estimating compliance costs for these firms in terms of money costs was difficult for all firms. Both the cost and time spent were difficult to estimate accurately. One firm suggested that it might spend eight hours per week on all forms of compliance (including

taxation matters) but considered this a 'wild guess'. The dissemination of these costs and the apportionment to specific items was regarded as a 'demanding task'. It was more likely that the transaction cost of a specific activity be apportioned to an employee's duties rather than be allocated a transaction cost value. As such, the cost was subsumed in a plethora of other accounting and record keeping activities.

For example, one firm employed an office assistant to look after the paperwork and provide general office administration. Her duties included the production of wages data, general accounts and invoicing. She also dealt with matters of insurance, superannuation, and banking and was generally responsible for the overall record keeping function of the business. This 'system' had been the product of numerous years in the industry and had undergone a continuing process of improvement, even though this improvement had largely been attained in an 'ad hoc' manner. The amount of time devoted to various compliance tasks varied according to the volume of record keeping details that needed to be maintained and the particular time of year. For instance, PAYE taxation requirements and account reconciliation demanded the most time at the end of the each month and at the end of the financial year. Significant time was also spent on the preparation of annual returns and accounts to be presented to auditors and accountants. For other compliance activities the record keeping requirements were more of an ongoing nature along with general business operations.

According to these firms the costs of compliance with the record keeping requirements specific to the proposed legislation would arise in two stages. Initially, the owners or managers of the firms would have to devote time to making sure that the firm was accredited and that the appropriate record keeping practices were in place. Estimates of the time needed for this varied from a few hours to two days dependent upon the record keeping requirements. A much longer time was generally regarded to be necessary if dealing with non-compliant or non-accredited firms. Second, the audit process would require the extraction of the necessary records from each firm's accounting system to establish compliance with the proposed legislation. For these firms, it was in this area that there was a possibility for substantial costs to accrue. These costs would be heightened if the audit process coincided with a period of peak business activity such as end-of-year reporting.

Difficulties were also identified due to the distancing of these operators from others in the production chain. For example, one firm which is only involved in the cutting process might only contract with a supplier or retail

outlet for the cutting of the garment. The fabric would be supplied to the cutter who then returns the finished product to the supplier/retailer who would pass it on to a sewer for the next stage of production. For this firm, there is no contact with the sewer but rather with a middleperson or retailer. Whilst this firm falls outside the scope of the proposed legislation (falling outside the contracting chain), transactions with this firm by an accredited supplier/retailer would have to be separated from other transactions that did fall under the scope of the proposed legislation. This would involve additional cost to that supplier/retailer in the separation of those record keeping requirements specific to the proposed legislation.

For case study 3 firms the volume and type of paperwork contrasts significantly with that of the major retailer. While the major retailer's invoicing system to its suppliers has common features with all suppliers (eg. the retailer issues its order on its order form), the supplier firms in this case study have a *multitude* of order, invoicing and delivery forms from a number of retailers, suppliers or other manufacturers. Whilst they include standard information such as name, number of garments, delivery date and special terms and conditions they do not follow a common format and many appear 'ad hoc' in design. Whilst most of the individual order forms examined had basic details they were, at times, often hand written and contained only the necessary detail required to complete the order. Invoices for works completed were more likely to have consolidated information regarding remuneration due to each individual customer over a particular time period (normally one-month). As such, the order forms were more likely to contain the information as required by the proposed legislation but were in most cases manually prepared. In contrast, the invoices for work done were likely to be computer generated but contain mainly aggregated information.

All the firms in case study 3 considered the retailers and fashion houses to have a considerable degree of market power in the industry. Generally, they considered themselves as price takers. This market dominance extended to transaction procedures between the firms and a dominant supplier/retailer. For one firm in case study 3, this included the provision of guarantees to a major retailer of compliance with industrial legislation under Federal and State awards in the supply of 'Australian made garments'. This provision was a pre-requisite for commercial dealings with the retailer. As such, the firm suggested that under the proposed legislation it would be compelled to be accredited if major retailers/suppliers only dealt with accredited firms. In this case, they considered accreditation would provide a competitive advantage in dealings with retailers and suppliers. However, this competitive advantage existed only if some firms

remained unaccredited. If all firms were accredited then the advantage was diminished.

#### **4. Summary of the Case Studies**

##### ***Cost of compliance with existing industrial instruments***

All the case study informants claimed to be compliant with existing industrial obligations and requirements under the Industrial Relations Act, the Occupational Health and Safety Act (1992) and appropriate taxation legislation. All considered that they kept relevant information in regards to contracts and time and wages records. However, there was some apprehension as to the up-to-date nature of the records they kept in light of changes to legislation. The general feeling of the respondents was that they would meet current audit requirements. The cost of compliance with existing industrial laws and instruments was difficult to assess primarily due to the overlap of general clerical and accounting functions and the inability to separate specific costs associated with compliance tasks. As a guide general taxation compliance was considered to be the most demanding and time consuming area of compliance activity.

##### ***Cost of developing and maintaining record keeping systems***

The case study insights suggested that the cost impact of developing and maintaining record keeping systems in compliance with the proposed legislation would be regressive. For the large retailer the costs would easily be absorbed into existing computerised accounting systems and market power would ensure that the retailer dealt only with accredited firms. For the mid-size manufacturer in case study 2, current record keeping practices were sufficient to meet obligations under the proposed legislation (provided that suppliers were accredited). However, potentially high additional costs were identified in the presentation of records for audit purposes and when dealing with non-accredited suppliers. For the firms in case study 3, current inefficiencies in record keeping procedures would be compounded by the requirements of the proposed legislation, especially when dealing with non-accredited firms. The distancing of these firms from others in the supply chain (most commonly through use of suppliers and subcontractors) was thought to increase the cost of compliance as extra effort would be required to obtain the necessary documentation.

The firms involved in case studies 1 and 2 were signatories to the Homeworkers Code of Practice and engaged contractors and suppliers only on the conditions of practice set out in that code. As such, their existing record keeping practices were adequate and satisfied the record keeping

requirements of the proposed legislation. For these firms the marginal transaction costs of compliance with the proposed legislation was either negligible or low. For the firms in case study 3, compliance with industrial law (where applicable) was a condition of the contracting relationship. However, the proposed legislation would generally impose costs in the *separation* of record keeping requirements specific to the proposed legislation from current accounting and record keeping activities.

### ***ISO9000***

No firms in the case studies had ISO9000 TQM accreditation. Firm 1 was essentially a retailer and did not meet the specific requirements of ISO9000. Firm 2 was a smaller manufacturer who had not introduced quality control methods to ISO9000 status but considered the business to be 'informed' on quality management practices. The firms consulted in case study 3 were small clothing contractors who found the complexities of ISO9000 standards difficult to interpret and implement and beyond the scope of their operations.

As such the appropriateness of quality control instruments in the accreditation process is regarded to be limited based on case study evidence.

### ***Compliance Cost Estimates***

In general the larger the firm the more likely they are to have advanced computerised accounting systems in place to handle much of the record keeping requirements of firms. For the larger retailer, dealing with accredited suppliers, the type of records kept and availability of legal advice were considered to be able to be incorporated into existing accounting and record keeping software in use by the company. The midsize manufacturing firm could also incorporate record keeping requirements in current activities. For smaller firms there exists the likelihood of additional costs to upgrade existing accounting and record keeping procedures.



The registration and accreditation fees associated with the proposed legislation were considered to be an extra burden on business operations. The level and extent of registration and accreditation costs on individual firms was of considerable importance to case study firms. The cost of registration and accreditation would fall unevenly depending on the application method adopted. The cost of registration can be assessed in two areas. First, the scale at which the compliance cost falls on each case study firm. Here, the scale of compliance cost will encompass the degree to which the cost will be spread over key cost centres applicable to each type of firm. These include new capital costs, fees and charges, record keeping costs and opportunity costs<sup>6</sup>. Second, firm size will be crucial to the apportionment of costs.

Table 1 provides an analysis of the scale of costs to firms of compliance with the proposed legislation. For accredited firms, compliance costs will be regressive both in terms of the size of firm within each group in the supply chain and according to each firm's position in the supply chain. Overall, compliance costs are least likely to have significant impact on larger firms high in the supply chain.

For non-accredited firms the cost of compliance falls into two areas. First, those not seeking accreditation would most likely avoid increased capital costs, as these firms would not alter current operations (but may become less visible in the industry). They would also avoid registration and accreditation fees and charges. For these firms the capital and registration/accreditation costs would be negligible. Second, the costs of non-accreditation would fall only on those firms maintaining the additional record keeping activities required under the proposed legislation. If firms did not seek accreditation the likelihood of compliance with the proposed legislation would be diminished.

Additionally, there would also be an opportunity cost of *not* gaining accreditation. Given the tendency for the case study firms to seek accreditation and only deal with accredited suppliers the opportunity cost (in terms of business foregone by not seeking accreditation) would most likely be considerable. For these firms there would also be the risk of financial penalties for non-compliance.

---

<sup>6</sup> Psychological costs are not included as their assessment is beyond the scope of this report.

Table 1: Scale of Estimated Compliance Costs with Proposed Legislation

	Type of Compliance Cost			
	Capital	Fees and Charges	Record-keeping <sup>a</sup>	Opportunity Cost
<b>Accredited</b>				
Retailer	very low	low - high	very low	very low
Manufacturer	Low	low - high	low	medium
Supplier	Medium	high	medium - high	high
<b>Non-accredited</b>				
Retailer	Nil	nil	high	high
Manufacturer	Nil	nil	high	high
Supplier	Nil	nil	high	high

(a) assuming firms are compliant with the proposed legislation

Compliance costs are difficult to enumerate due to the wide variation in the size of firms in the industry, the method by which costs are to be measured and the degree to which current accounting practices assist or hinder compliance with the proposed legislation. As compliance with government licensing and registration arrangements was regarded to account for less than six per cent of total compliance time over all areas (Yellow Pages, 1996) and only one per cent of total firm turnover (Cabalu, Doss and Dawkins, 1996) the total cost of compliance with the proposed legislation is regarded to be small. Table 2 below provides *estimates* of the compliance costs based on evidence presented by the case study participants and industry estimates revealed in the literature review.

For the firm in case study 1 compliance costs will be limited to registration fees and charges (per outlet) and opportunity costs. Capital or record keeping costs are zero or negligible. The firm in case study 2 expects an increase in record keeping costs but these would mainly accrue at the point of audit. Ongoing record keeping costs would be subsumed in current record keeping activities. For this firm, the cost of registration and fees could be high as the firm is both a manufacturer and a retailer. The opportunity cost would be higher for this firm than firm 1 as the proprietor is heavily involved in all aspects of the firm's operations. For the firms in case study 3, significant capital costs could be expected in meeting the record keeping requirements of the proposed legislation. Most agreed that

some form of (updated) computerised record keeping system was needed. This was particularly the case if firms dealt with non-accredited firms. For these firms, the ad hoc nature of existing record keeping procedures could be expected to induce further costs in meeting the requirements of the proposed legislation. Registration fees and charges were expected to impose significant upfront costs to these businesses. The opportunity cost to firms in case study 3 would arise largely due to the diversion of the owner from the commercial management of the business.

Table 2: Compliance Cost Estimates

	Case Study 1	Case Study 2	Case Study 3
Capital	0	0	< \$2000
Record-keeping <sup>a</sup>	0	< 1000 pa	< \$2000 pa
Registration Fees and Charges	\$40,000 to \$160,000 <sup>b</sup>	\$500 - \$2500 <sup>c</sup>	\$500 - \$1000 <sup>c</sup>
Opportunity Cost <sup>d</sup>	Low	medium	high

a) estimate of additional cost in terms of labour @ \$15 per hour

b) based on approx. 80 retail outlets in NSW

c) assuming registration fees are scaled according to firm size and turnover and based on indicative levels in the CIE report p.54)

d) cost estimates were considered beyond the scope of the report to gauge in monetary terms

### ***Benefits of Compliance***

Benefits of compliance to the case study firms differed substantially. For Firm 1 the proposed legislation duplicated the current Homeworkers Code of Practice and created a number of problems. First, as the firm was a national retailer they it would still be a signatory to the Homeworker Code of Practice for its national campaign. In NSW it regarded the proposed legislation as superceding the Code, although was unsure as to the final affect. To some extent it was considered that the voluntary nature of the Homeworkers Code of Practice scheme was of greater benefit to the firm's image or profile than registration or accreditation under the proposed legislation. This came from the 'human rights and activist' nature of the outworker campaign and that consumers were more likely to consider the 'ethical premium' more highly for voluntary signatories of the code. For a major retailer, the requirement to deal only with accredited suppliers may deliver some legal benefits in strengthening the contractual relationship and commercial obligations under a legislated accreditation scheme.

Firm 2 saw little benefit in the proposed scheme and suggested that transparency in accounting transactions would not provide better records management. This was particularly the case in firm 2 as they were in the process of installing new computer software that monitored each order's production status. Here, the major efficiency gains would arise from improved workflow within the production process rather than from transactional exchanges between the manufacturer and the retailer. For Firm 2 the proposed legislation had potential to lessen the benefits currently received by adherence to the Homeworkers Code of Practice by devaluing that scheme. Firm 2, however, conceded that dealing only with accredited suppliers would provide benefits as opposed to dealing with non-accredited suppliers.

For the firms in case study 3 few benefits were considered to arise from the proposed legislation. In fact, all firms considered further government involvement in the industry to be detrimental. They considered their existing record-keeping practices to be adequate and resisted further change. However, this did not mean that they would not seek accreditation. In general, the market dominance of the major retailers/suppliers (and the likelihood that they would only deal with accredited suppliers) meant that they would seek accreditation, but that the cost would largely accrue to the smaller firm and not the major retailer/supplier.

## **5. Comparison with Other Compliance Programs**

The Australian wine industry's Label Integrity Program (LIP) is an initiative of the Australian Wine and Brandy Corporation to establish a system to ensure the integrity of Australian wine for both the domestic and export wine markets. The program incorporates a record keeping system within the value chain to provide an audit trail from grape purchase to consumer. The objective of the program is to substantiate labelling claims with respect to the product's vintage, grape variety and region of production.

A major objective of the LIP is to enhance the reputation for truthfulness of statements made on Australian wine labels as to the grape varieties used and manufacturing location of all wines manufactured in Australia. The LIP is covered by Part VIA (sections 39A-39ZL) of the Australian Wine and Brandy corporation Act (1980).

The requirements of the legislation do not require a wine manufacturer to make a definitive-labelling claim. Rather, if a claim is made, then appropriate records are required to substantiate that claim. The legislation is not specific about what records need to be kept. However, it does require that wine manufacturers keep records of:

- the receipt of wine goods to include date of receipt, quantity, vintage, geographical source of goods and the identity of the supplier
- the manufacture of certain single wines where a label claim is made (or will be made by another person)
- the manufacture of certain blends
- the sale, transfer and disposal of certain wines and grape extract

The legislation is specific about the characteristics to be recorded and the time frame in the making (within 3 months) and the keeping (for 7 years) of records. A LIP audit may be a cold-call, an arranged visit or a desk audit. Offences carry a penalty of up to \$15,000.

According to the Australian Wine and Brandy Corporation, the adoption of the program by the industry was relatively easy. General agreement with the legislation's objectives by the industry, demanding consumers and flexibility in record keeping requirements assisted in creating a culture of compliance.

The success of the LIP has been due to a number of factors. First, the scheme was driven by industry concerns about the labelling practices within the industry. Concerned with good corporate governance, the wine companies sought competitive advantage from truth in labelling practices that informed and educated consumers. Second, the specific requirements were introduced with low costs to the industry as a whole. The record keeping requirements (in most instances) already existed within established accounting practices within firms. Whilst these practices took many forms including notes, cards, writing on cellar walls and records within existing accounting tools such as invoices and stock orders, the shift to a more 'formalised' process led to distinct advantages. For firms this included better management practices, integration of record keeping requirements and improved information flows both within and between firms. Third, the requirements in some instances led to either the establishment of computer controlled accounts or more advanced computer management systems. Overall, the net benefits of the scheme were regarded to be overwhelmingly positive.

Compliance with the scheme is encouraged by a number of factors. First, penalties exist for non-compliance with the legislation. Second, consumer awareness, loyalty and willingness to pay for premium wines are associated with regional and varietal labelling. Third, an audit process is in place to inspect records to verify labelling claims. These audits involve regular visits to wine regions to inspect records and verify claims.

The Australian Wine and Brandy Corporation has also identified shortcomings to the scheme. First, the possibility of a full audit is impossible. The time needed to conduct a full audit and errors in documentation mean that proving total compliance is impossible. Second, a lack of audit resources will minimise the efficiency of the audit process. As such, problems with labelling still occur (although the extent is significantly minimised).

A number of comparisons can be made between the wine industry's label integrity program with the proposed Ethical Clothing Trades Act. First, the LIP has extensive and broad-based industry support and arose from industry concerns over labelling issues. In contrast, the proposed Ethical Clothing Trades Act has arisen from social concerns over the exploitation of homebased clothing workers. Second, the LIP provides identifiable marketing opportunities due to established consumer preference for wines of a particular variety and from specific geographical locations. The Ethical Clothing Trades Act seeks to build on a willingness of consumers to pay an 'ethical premium' on the price of clothing. The proposed legislation seeks

to distinguish and promote ethically produced clothing apparel (see NSWDIR 1999b)<sup>7</sup>. Third, both programs endeavor to trace the production of wine and clothes through the establishment of audit trails through the supply chain. The success of the LIP in the wine industry has largely been as a result of the flexible arrangements afforded to wine producers and manufacturers in developing their own record keeping compliance systems.

---

<sup>7</sup> The willingness of consumers to pay an 'ethical premium' for clothes was challenged by a majority of case study informants, see also CIE (1999).

## **6. What type of record keeping is best?**

The proposed record keeping procedures fall into two categories. First, there are those record keeping requirements for registered or accredited businesses. Second, there are those record keeping requirements for businesses that seek not to be accredited under the proposed legislation. There is a strong case that the record keeping requirements of the two be separated accordingly to meet the objectives of the proposed legislation; that is, to make transactions more transparent and to ensure that the burden of compliance falls most heavily on non-accredited firms.

### ***Accredited firms***

For accredited firms the key form of record keeping requirement lies in the invoicing transaction between firms. It is suggested that all invoices between accredited firms include the retailer's registration number and the supplier's accreditation number. This form of record keeping would allow firms to incorporate the record keeping requirements of the proposed legislation within current record keeping and accounting practices. This was identified as a key factor in reducing the compliance cost to business of the proposed legislation. The 'bundling' of the proposed record keeping requirements within each firm's accounting procedures would allow for flexibility amongst firms. The key identifier would be an accreditation or registration number to identify those transactions that fall within the scope of the proposed legislation.

### ***Non-accredited firms***

For dealings between non-accredited or non-registered firms the record-keeping requirements should ideally be kept separate from normal commercial transactions and be readily available for inspection. A 'pro-forma' system could be introduced to ensure that the required record keeping information is recorded for each transaction. This would include details of remuneration for all employees involved in the production of all garments in the supply chain. Where outworkers are used, supplementary forms could be used to establish or provide evidence of a non-accredited firm's compliance with State or Federal clothing awards and relevant industrial legislation such as the Workers Compensation Act and the Industrial relations Act. Also non-accredited firms could be required to keep a 'log' of transactions for inspection by the Department. This would assist in establishing and crosschecking transactions against accounting records.



## 7. Summary of Transaction Costs and Benefits of the Proposed Legislation

The table below provides a summary of the transaction costs and benefits of the proposed legislation.

Table 3: Comparison of Cost and Benefits of the proposed legislation

Provision	Cost	Benefit
Retailers	<ul style="list-style-type: none"> <li>• marginal increase in labour cost accruing due to the legislative requirements of proposed act</li> <li>• low capital cost of new record keeping equipment</li> <li>• low transaction cost in relation to electronic record keeping</li> <li>• small changes in cost will vary according to the size of the firm</li> </ul>	<ul style="list-style-type: none"> <li>• assist in ensuring the business is operated in compliance with the proposed Act.</li> <li>• increased consumer confidence in the industry</li> <li>• compliance by major retailers an incentive to other firms in supply chain</li> <li>• assist in the reduction of non-compliance with labour standards</li> <li>• accreditation improves transparency in contractual relationships between retailers and suppliers</li> </ul>
Manufacturers and large suppliers	<ul style="list-style-type: none"> <li>• marginal increase in labour cost accruing due to the legislative requirements of proposed act</li> <li>• potential capital cost of new record keeping equipment</li> <li>• small increase in transaction cost in relation to either electronic or manual record keeping duties</li> <li>• changes in cost will vary according to the level of record</li> </ul>	<ul style="list-style-type: none"> <li>• assist in ensuring the business is operated in compliance with the proposed Act.</li> <li>• increased consumer confidence in the industry</li> <li>• establishes a clear audit trail in relation to transactions in the clothing industry</li> <li>• assist in the reduction of non-compliance with labour standards</li> <li>• accreditation improves transparency in contractual relationships</li> </ul>

(cont'd)

	keeping currently undertaken (these should be lower for current signatories to the Homeworkers Code of Practice)	between suppliers and manufacturers <ul style="list-style-type: none"> <li>• reduction in dishonest/unethical behaviour</li> </ul>
Small suppliers and contractors	<ul style="list-style-type: none"> <li>• marginal increase in labour cost accruing due to the legislative requirements of proposed act</li> <li>• increased potential for significant capital cost of record keeping equipment</li> <li>• increase in transaction cost in relation to either electronic but mainly manual record keeping duties</li> <li>• changes in cost will vary according to the level of record keeping currently undertaken although firms are less likely to be current signatories to the Homeworkers Code of Practice</li> </ul>	<ul style="list-style-type: none"> <li>• assist in ensuring the business is operated in compliance with the proposed Act.</li> <li>• increased visibility in the industry</li> <li>• establishes a clearer audit trail in relation to transactions in the clothing industry, especially to outworkers</li> <li>• assist in the reduction of non-compliance with labour standards, especially to outworkers</li> <li>• accreditation improves transparency in contractual relationships between suppliers</li> <li>• potential for reduction in dishonest behaviour</li> </ul>

### **List of References**

- Australian Chamber of Commerce and Industry (1994) *ACCI Review*, No.6, October, ACCI, Melbourne.
- Bell, C., (1996) *Time for Business*, Report of the Small Business Task Force, Department of Industry, Science and Tourism, AGPS, Canberra.
- Bickerdyke, I. and Lattimore, R. (1997) *Reducing the Regulatory Burden: Does Firm Size Matter?* Industry Commission, Staff Research Paper, Australian Government Publishing Service, Canberra.
- Cabalu, H., Doss, N. and Dawkins, P. (1996) *Employers Compliance Costs*, Discussion Paper 96/10, Centre for Labour Market Research, Curtin University of Technology, Perth.
- Centre for International Economics (1999) *Economic Appraisal of 'Behind the Label'*, Centre for International Economics, Canberra.
- Evans, C. and Walpole, M., (1999) *Compliance Cost Control*, Australian Tax Research Foundation, Research study No. 27, Sydney.
- Falconer, K. and Pedic, F., (1996) *Small Talk: Group Discussion with Small Business about the Paper and Compliance Burden*, background paper to the Small Business Deregulation Taskforce, Department of Industry, Science and Tourism, Canberra.
- Haralambopoulos, N., Johnson, D. and Ha, V. (1996) *Employers Compliance Costs: Some Evidence from Victoria*, Institute of Applied Economic and Social Research, The University of Melbourne.
- Lattimore, R., Madge, A., Martin, B. and Mills, J. (1998) *Design Principles for Small Business Programs and Regulations*, Productivity Commission Staff Research Paper, AusInfo, Canberra.
- NSW Department of Industrial Relations (1999a) *Behind the Label - The NSW Government Clothing Outwork Strategy*, Issues Paper, Sydney.
- NSW Department of Industrial Relations (1999b) *Do consumers care About Clothing Outworker Exploitation*, Research report prepared by Dangar Research Group, Sydney.

- Pope, J., Fayle, R. and Chen., (1991) *The Compliance Costs of Public Companies' Income Taxation in Australia 1986/87*, Research Study No.13, Australian tax research Foundation, Sydney.
- Pope, J., Fayle, R. and Chen., (1993) *The Compliance Costs of Wholesale Sales Tax in Australia*, Research Study No.19, Australian Tax Research Foundation, Sydney.
- Pope, J., Fayle, R. and Chen., (1994) *The Compliance Costs of Companies' Income Taxation*, Research Study No.23, Australian Tax Research Foundation, Sydney.
- Rimmer, S. and Wilson, S., (1996) *Compliance Costs of Taxation in Australia*, Office of Regulation Review, Staff Information Paper, Australian Government Publishing Service, Canberra.
- Sandford, C., Godwin, M. and Hardwick, P., (1989) *Administrative and Compliance Costs of Taxation*, Fiscal Publications, Bath.
- Sandford, C. and Hasseldine, J., (1992) *The Compliance Costs of Business Taxes in New Zealand*, Institute of Policy Studies, Victoria University of Wellington, Wellington.
- Yellow Pages Australia (1996) *Small Business Index*, Special Report on the Paperwork Burden of Small Business, October.